

implicit price deflator for the gross domestic product, as published by the Department of Commerce, changed during the calendar year.

(2) You must pay any royalty due under this paragraph, plus late payment interest under 30 CFR 1218.54, no later than 90 days after the end of the period for which royalty is owed.

(3) Any production on which you must pay royalty under this paragraph will count toward the production volume determined under §§ 560.120 through 560.124.

(c) If you must pay royalty on any product (either oil or natural gas) for any period under paragraph (b) of this section, you must continue to pay royalty on that product during the next succeeding period of the same length until the arithmetic average of the daily closing NYMEX prices for that product for that period can be determined. If the arithmetic average of the daily closing prices for that product for that period is less than the threshold price stipulated in the lease, you are entitled to a credit or refund of royalties paid for that period with interest under applicable law.

**§ 560.123 How do I measure natural gas production for a lease issued in a sale held after November 2000?**

You must measure natural gas production subject to the royalty suspension volume for your lease as follows: 5.62 thousand cubic feet of natural gas, measured according to 30 CFR part 250, subpart L, equals one barrel of oil equivalent.

**§ 560.124 How will royalty suspension apply if BOEM assigns a lease issued in a sale held after November 2000 to a field that has a pre-Act lease?**

(a) We will assign your lease that has a qualifying well (under 30 CFR part 250, subpart A) to an existing field or designate a new field and will notify you and other affected lessees and operating rights holders in the field of that assignment.

(1) Within 15 days of the final notification, you or any of the other affected lessees or operating rights holders may file a written request with the Director for reconsideration, accompanied by a Statement of Reasons.

(2) The Director will respond in writing either affirming or reversing the assignment decision. The Director's decision is the final action of the Department of the Interior and is not subject to appeal to the Interior Board of Land Appeals under 30 CFR part 590 and 43 CFR part 4.

(b) If we establish a royalty suspension volume for a field as a result of an approved application for royalty relief submitted for a pre-Act lease under 30 CFR part 203, then:

(1) Royalty-free production from your RS lease shares from and counts as part of any royalty suspension volume under § 560.114(d) for the field to which we assign your lease; and

(2) Your RS lease may continue to produce royalty-free up to the royalty suspension we specified for your lease, even if the field to which we assign your RS lease has produced all of its royalty suspension volume.

(c) Your lease may share in a suspension volume larger than the royalty suspension with which we issued it and to the extent we grant a larger volume in response to an application by a pre-Act lease submitted under 30 CFR part 203. To share in any larger royalty suspension volume, you must file an application described in 30 CFR part 203 (§§ 203.71 and 203.83). In no case will royalty-free production for your RS lease be less than the royalty suspension specified for your lease.

**BIDDING SYSTEM SELECTION CRITERIA**

**§ 560.130 What criteria does BOEM use for selecting bidding systems and bidding system components?**

In analyzing the application of one of the bidding systems listed in § 560.110 to tracts selected for any OCS lease sale, we may, at our discretion, consider the following purposes and policies. We recognize that each of the purposes and policies may not be specifically applicable to the selection process for a particular bidding system or tract, or may present a conflict that we will have to resolve in the process of bidding system selection. The order of listing does not denote a ranking.

(a) Providing fair return to the Federal Government;

(b) Increasing competition;